

Sunnyside Gold Corporation

5075 S. Syracuse Street, Suite 800
Denver, Colorado 80237

October 5, 2015

Mr. Peter Butler
Mr. Steve Fearn
Mr. Bill Simon
Co-Coordiators
Animas River Stakeholders Group

Re: Water Treatment Plant – Cement Creek

Dear Gentlemen:

Sunnyside Gold Corporation believes that there may be opportunities to significantly accelerate Target Dates in the *ARSG Timeline for Reducing Metal Loading in Upper Animas River Basin*. Most importantly, the time for selection of the “Preferred Solution” for Cement Creek may be ripe. As stated in the MWH Evaluation commissioned by Sunnyside: “...conventional lime precipitation stands out as the ‘best apparent’ treatment methodology and is very effective at reducing metal loads in upper Cement Creek source water.” A consensus that a water treatment plant is the preferred solution may be developing. A treatment plant has been endorsed by a number of key stakeholders, including: Senators Bennet and Gardner, Congressman Tipton, San Juan County, and the Town of Silverton. We have discussed the merits of a lime treatment plant with our fellow stakeholders over time and would be pleased to further discuss the matter, including at the next ARSG meeting.

As you know, Sunnyside has offered to contribute Ten Million Dollars toward projects to improve water quality in the Animas River, and this offer is only contingent upon Sunnyside approving the projects after consultation with the ARSG and the formality of the relevant Agencies recognizing that Sunnyside has no continuing liabilities in the District. After completing consultation, Sunnyside is prepared to approve the project and formally tender Ten Million Dollars toward the construction and/or operation of a lime precipitation water treatment plant to treat water from adits impacting Cement Creek, the capital cost of which has been estimated to be just over \$6.5M. As you know, additional sources of monies to supplement the \$10M are being actively pursued.

Sunnyside is pleased to continue to be a partner in the ongoing collaborative effort to improve water quality and habitats in the Animas River and looks forward to continued progress in our joint efforts.

Sincerely,

A handwritten signature in black ink that reads "Larry Perino". The signature is written in a cursive, slightly slanted style.

Larry Perino
Reclamation Manager
Cc: Greg V. Etter